COPY

FIRST AMENDMENT
TO
CITY OF SAN DIEGO
THIRD AMENDED AND RESTATED FLAT RATE LEASE

THIS FIRST AMENDMENT (Amendment) to the CITY OF SAN DIEGO THIRD AMENDED AND RESTATED FLAT RATE LEASE between the City of San Diego and Brown Field Aviation Ventures, filed with the Office of the City Clerk on November 21, 2005, as Document No. RR-301059 (LEASE), is made and entered into by and between the CITY OF SAN DIEGO, a California municipal corporation (CITY), and BROWN FIELD AVIATION VENTURES, INC., a California corporation (LESSEE), to be effective as of the date this Amendment is executed by the parties and approved by the City Attorney (Effective Date).

RECITALS

A. The LESSEE is required by the LEASE, to "make significant capital improvements to the Premises at a cost of not less than $1,000,000 and including construction of not less than 20,000 square feet of new hangar space" all to be completed within ten years of the effective date of the LEASE; that deadline being December 28, 2015.

B. By letter dated September 10, 2013, LESSEE requested an extension to the deadline of December 28, 2015.

C. CITY has determined that due to the past recession there has been a decrease in demand for hangar space at Brown Field Airport evidenced by the vacancy rates for both corporate and smaller aircraft. CITY has also determined that LESSEE is not in default of the LEASE at the time of its request or at this current time. Accordingly, CITY agrees to grant LESSEE an extension of up to two (2) years to complete its development requirements, provided that LESSEE agrees (and by LESSEE's signature hereto, LESSEE accepts the same) that the original terms and conditions of the LEASE shall be amended, as set forth below.

AGREEMENT

NOW, THEREFORE, CITY hereby agrees to grant LESSEE up to a two (2) year extension to make significant capital improvements to the Premises at a cost of not less than $1,000,000 and including construction of not less than 20,000 square feet of new hangar space , all as set forth in Section 2.1 Commencement of the LEASE; provided, however, that CITY's agreement hereto is subject to LESSEE's agreement to the following amendment to the LEASE:

1. AMENDMENT TO: Section 2. Term

Section 2.1 of the LEASE is hereby **DELETED** in its entirety and **REPLACED** with the following:

"2.1 Commencement. The term of this agreement shall be thirty-five (35) years beginning on December 1, 1996 (the first day of the month following execution of the original agreement by the City Manager) and ending November 30, 2031 ("Term"). "Lease year" as used in this lease shall mean the 12-month period following commencement.

The Term shall be extended for a period of ten (10) years (December 1, 2031 to November 30, 2041, the "Additional Term") upon the written approval by the City Manager of a new development plan submitted by LESSEE for the Premises ("New Development Plan") requiring that LESSEE make significant capital improvements to the Premises at a cost of not less than One Million Dollars ($1,000,000) and including construction of not less than twenty thousand (20,000) square feet of new hangar space, all to be completed by December 28, 2017. The Term will not be extended until a Certificate of Occupancy is delivered to the City. Also, for this provision to take effect, LESSEE must submit the New Development Plan no later than October 1, 2015 and obtain the City Manager's written approval of it.

LESSEE shall have the option to extend the Term for an additional ten (10) years (the "Option Term") beyond the expiration of the Additional Term by giving City written notice of its election to exercise its option to extend the Term not later than 180 days prior to the expiration of the Additional Term; provided, however, that LESSEE's right to exercise its option to extend the Term shall be contingent upon LESSEE having completed the improvements required by the New Development Plan and upon LESSEE being in compliance with the Third Amended and Restated Lease (i.e., LESSEE shall not be in default of any term and/or condition of the Third Amended and Restated Lease), including any subsequent amendments thereto. The rent for the Additional Term and the Option Term shall be calculated pursuant to Section 3. Rent."

This Amendment represents the desires of CITY and LESSEE to amend, modify and update terms and conditions of the LEASE. All other terms and conditions of the LEASE that have not been amended, modified and/or updated pursuant to this Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment is executed by CITY, acting by and through its Mayor, or his designee, and by LESSEE, acting by and through its lawfully authorized officer.

Date: 12/11/15

THE CITY OF SAN DIEGO, a California municipal corporation

BY: _____

Cybele Thompson
Director, Real Estate Assets Department

Date: 11-19-15

BROWN FIELD AVIATION VENTURES, INC.,
a California corporation

BY: Tom Riotta
Name: Tom Riotta
Title: President LANCAIR CORP

ENVIRONMENTAL ANALYSIS SECTION ENVIRONMENTAL CLEARANCE:

This activity is categorically exempt from CEQA pursuant to state CEQA guidelines Sections 15301 (Existing Facilities).

Date: 3/17/16

BY: Myra Herrman
Name: Myra Herrman
Title: Senior Planner

Approved as to form this 7th day of April, 2015.

JAN I. GOLDSMITH, City Attorney

BY: Debra J. Bevier
Debra J. Bevier
Deputy City Attorney

Date of Notice: January 29, 2016

NOTICE OF RIGHT TO APPEAL ENVIRONMENTAL DETERMINATION

PLANNING DEPARTMENT

SAP or WBS No. N/A

PROJECT NAME/NUMBER: First Amendment to City of San Diego Third Amended and Restated Flat Lease with Brown Field Aviation Ventures

COMMUNITY PLAN AREA: Otay Mesa

COUNCIL DISTRICT: 8

LOCATION: Brown Field Municipal Airport - 1760 Curran Street, San Diego, CA 92154

PROJECT DESCRIPTION: Authorize the Mayor or his designee to sign a First Amendment to City of San Diego Third Amended and Restated Flat Lease with Brown Field Aviation for a period of thirty-five (35) years beginning December 1, 1996 and ending November 30, 2031 with an option to request two (2) a ten (10) year extensions upon written approval by the City. This amendment includes a requirement that the Lessee make significant capital improvements to the Premises including construction of not less than twenty thousand (20,000) square feet of new hangar space.

ENTITY CONSIDERING PROJECT APPROVAL: City of Dan Diego Mayor-Appointed Designee

ENVIRONMENTAL DETERMINATION: Categorically Exempt from CEQA per Section 15301-Existing facilities

ENTITY MAKING ENVIRONMENTAL DETERMINATION: City of San Diego Mayor-Appointed Designee

STATEMENT SUPPORTING REASON FOR ENVIRONMENTAL DETERMINATION: This activity has been determined to be exempt from CEQA pursuant to CEQA Section 15301 (Existing Facilities) which allows for the operation, repair, maintenance, permitting, leasing, licensing or minor alterations of existing public or private structures or facilities involving negligible or no expansion of use; and where the exceptions listed in CEQA Section 15300.2 would not apply in that no cumulative impacts were identified; no significant effect on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action, and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code. This permit will allow use of a limited area within an existing leasehold where no environmental impacts would result.

PROJECT MANAGER: Brandi Mulvey, Property Agent
MAILING ADDRESS: 3750 John J. Montgomery Drive, MS#14
San Diego, CA 92123
PHONE NUMBER: (858) 573-1426

On January 29, 2016, 2016, the City of San Diego made the above-referenced environmental determination pursuant to the California Environmental Quality Act (CEQA). This determination is appealable to the City Council. If you have any questions about this determination, contact the City Project Manager listed above.

Applications to appeal CEQA determination made by staff (including the City Manager) to the City Council must be filed in the office of the City Clerk within 10 business days from the date of the posting of this Notice (**February 12, 2016**). The appeal application can be obtained from the City Clerk, 202 'C' Street, Second Floor, San Diego, CA 92101.

This information will be made available in alternative formats upon request.

